

EUROPEAN FRAMEWORK AGREEMENTS AND THE TRANSNATIONALIZATION OF INSTITUTIONAL POWER

‘Changing Employment’ Brown Bag Lunch Series

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EU-level, Belgium, Germany and Spain

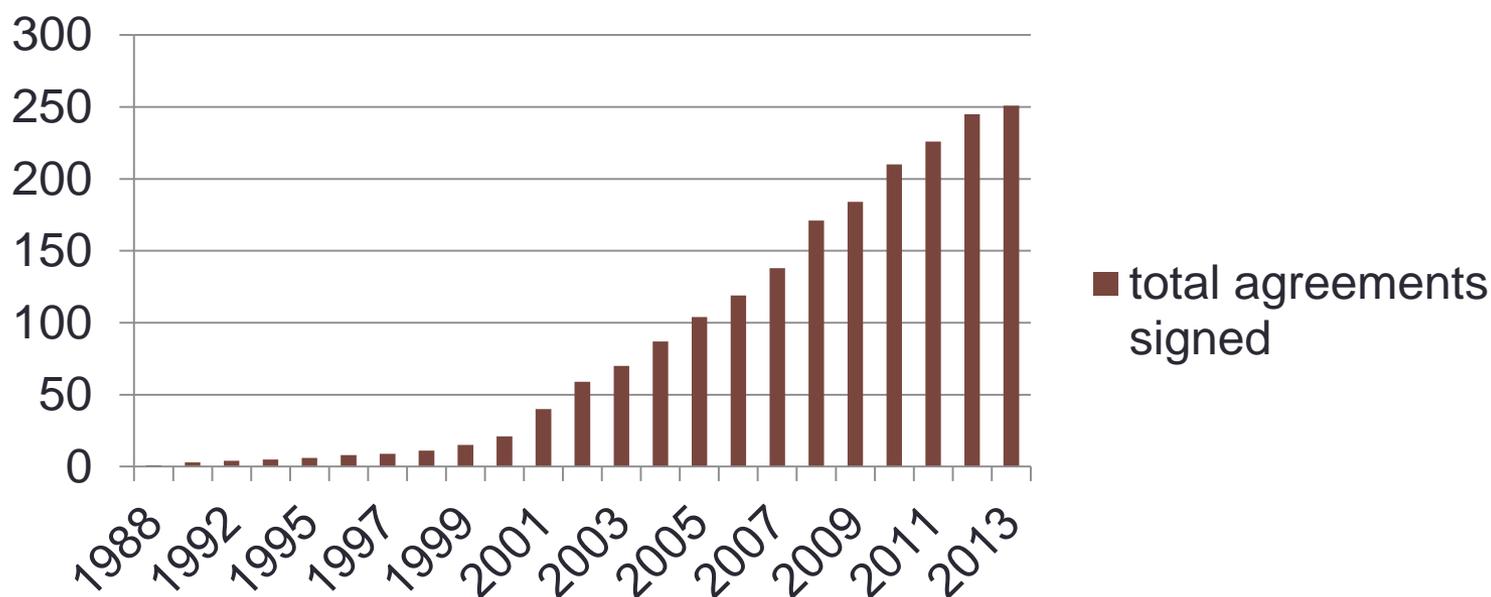
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1. Introduction:

Transnational company agreements

Evolution of transnational company agreements 1988-2013



(Own compilation based on European Commission database on transnational company agreements, <http://ec.europa.eu/social/main.jsp?catId=978&langId=en>).

1. Introduction: Transnational company agreements (TCAs)

- TCAs with different scope: global (GFAs) versus European (EFAs)
- TCAs as a relatively new arena of transnational employment relations: existing literature points out potential impact on implementation of core labour standards (Papadakis et al 2008; Schömann 2008; Telljohann et al. 2009)
- Need for in-depth empirical studies on implementation (Niforou 2012)
- Rüb, Platzer and Müller (2013: 24) point out that there exists a “high level of theoretical speculation (in the sense of “educated guesses”) that continues to characterize the academic discussion of the conditions and consequences of transnational negotiations, with a comparatively thin foundation of empirical research”.
- Case Study ArcelorMittal EFA 2009: an attempt to increase trade unions’ institutional power in the company
- *institutional power*: formal mechanisms for worker influence on capital accumulation or policy making; through institutions such as bipartite or tripartite bodies of social dialogue or laws regulating employee representation in the workplace (Hyman and Gumbrell-McCormick 2013: 31)



1. Introduction: ArcelorMittal - a giant with shifting shapes

ArcelorMittal: world's largest steel producer, operating in 19 countries on four continents, global workforce 220,000, Europe 80,000

- A giant in crisis: steel sector currently „faced with the sharpest slowdown in business since the oil crisis of the 1970s“ (ETUI 2010)
- 2009: European Framework Agreement (EFA) ‘Managing and Anticipating Change’ between ArcelorMittal and IndustriALL
- EFA calls for a socially balanced reaction to the crisis and sets up a framework for the „anticipation of change“ through skills development (Teissier 2013) and intensive high-levels social dialogue
- Research puzzle: lack of success of a promising initiative that makes sense for trade unions throughout Europe
- Reduction of European workforce from 130,000 (2007) to 80,000 (2014), partial closures in Florange, Liège, Madrid
- Stand-still of social dialogue mechanism during the crisis and only reluctant implementation since 2014



2. The ArcelorMittal EFA: content

Managing Change through balanced HR policy

- employment protection during the crisis (managing change)
- employee training to prevent future redundancies during restructuring (anticipating change)

Anticipating Change through Social Dialogue

- Strengthen EU-level body “**Social dialogue group**” (EMF + management)
- Supervision of the agreement through **follow up committees** (social dialogue: institutional power)



2. The ArcelorMittal EFA as an attempt to enhance institutional power of TU inside ArcelorMittal

EFA: Social Dialogue Group

Trade Unionists + Management
 10 country delegates
 3 IndustriAll representatives
 3 ArcelorMittal Managers (min.) (HR Europe)



1 Trade Union Official per country



Germany: IG Metall
 Spain: UGT; CCOO, ELA
 Belgium: six different trade unions

European Works Council

National delegates + Management
 Select Committee: 25 delegates
 EWC: 54 delegates



2 to 9 delegates per country, from
 different plants, number dependent on
 country workforce



Germany: 5
 Spain: 5
 Belgium: 8



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2. The ArcelorMittal EFA as an attempt to enhance institutional power of EMF inside ArcelorMittal

- Social Dialogue Group as a new channel of continued company-level social dialogue for trade unions -> influence corporate policy
- enhancing their maneuvering space vis-à-vis management and also in relation to the European Works Council (EWC)
- Trade unions are recognized as vital actors as the signing parties agree that “in all countries, social dialogue is based on the representativeness of the trade unions” (EMF 2009: 4)
- trade unions as the principal social partners for management
- The follow up committees are assigned the role of reviewers for “the deployment of minimum standards” for social dialogue every year



3. Implementation of the EFA: Trade unionists interviewed 2013-2015

Belgium

ACV-CSC METEA

ArcelorMittal Liège
(**MWB-FGTB**)

ArcelorMittal Gent
(**ABVV; LBC-NVK**)

Germany

IG Metall Arcelor-
Mittal coordinator

ArcelorMittal Ruhrort
(IG Metall)

ArcelorMittal
Eisenhüttenstadt
(IG Metall)

ArcelorMittal
Bremen (IG Metall)

Spain

UGT International
Department

ArcelorMittal Asturias
(**CCOO, UGT**)

ArcelorMittal Basque
Region (**ELA**)

Principado de
Asturias (UGT)

EU level

ArcelorMittal
representative

IndustriAll
representatives

ArcelorMittal
coordinator
IndustriALL (CCOO)

Former IndustriAll
representative (IG
Metall)

3. Implementation of the agreement

EU-level

- Social Dialogue Group formed as agreed but meetings stopped during crisis
- November 2014: first meeting after two years
- “not bad but it never lived up to the expectations”
- „It became rougher, the words became harsher (....). Especially French and Belgian managers and trade unionists entered into extreme problems of communication during the crisis.“
- agreement as valuable tool for labour because it “reflects intentions” and “clearly brought a number of issues on the table” they admit that it has not produced the desired results
- Lack of commitment from management and changes in staff



3. Implementation of the agreement

National level:

- As of today, national committees are either inexistent or largely inactive. Clearly „the company management was extremely reluctant to install the structure” (Interview industriAll representative, 2014)

Belgium:

- reluctance to participate from both sides (Liège conflict, inter-plant competition)

Spain:

- follow-up committee not in operation (though installed in 2009)
- local solutions to restructuring policy; national framework already in place
- local training initiatives as result of intervention by politicians (not: company)

Germany:

- follow-up committee meets regularly, but: “partner lobbying”
- much “skepticism concerning the task, competencies and responsibilities” of the national social dialog committee which serves as a platform for information but not as negotiating body and currently lacks the ownership and initiative of national social partners (Breidbach, Hering and Kruse 2013: 276-277).



3. Reasons for unsuccessful implementation of EFA

- Current situation of the **steel sector**: struggle for survival in all plants (inter-plant competition and local solidarity) and absence of common crisis assesment
- **Management's retreat** from „share the pain“ approach (Manager: „It was not the best way for the company to organize their production this way“)
- Limited decision-making power of management in GDS
- **lack of strategic consensus** among worker representatives
- former EWC member from Spain: this strategic disagreement among labour representatives “has become manifest once more, I believe, in the implementation of this agreement”, meaning the European framework agreement
- Different models of employment relations (French versus German)
- **What kind of employment relations model do trade unions in ArcelorMittal want?**



Reasons for unsuccessful implementation of EFA (GDS): plant interest versus solidarity

Germany (IG Metall)

Problem of national TU **culture**:

→ “Germans focus on consensus and dialogue”

Problem of **mandate**:

→ Local interests dominant

Spain (UGT, CCOO)

Spanish ER system:

→ trade union representatives recruited from companies

→ independent officials are neither desired nor feasible

→ problem of GDS: “no negotiator” on **management** side

Belgium (ACV-CSC)

Problem of **mandate**:

→ trade union delegates represent specific plants (Spain, Belgium)

→ sometimes delegates selected by management (CEE)

IndustriAll

Idea of GDS: “to overcome concentration on plant level”

→ create Belgian system of ER in company

→ Trade union officials to negotiate, not plant delegates



4. Conclusion:

lack of money, dedication or unity?

- Industrial Democracy means worker participation (Adnett/ Hardy 2005) – but what kind of participation or what degree of participation is an issue of contestation
- National TU show little commitment with IndustriAll (lack of staff at EU level)
- At the same time, EWC members from Germany, Spain and Belgium clearly state that IndustriAll should play a key role as negotiating partner for management
- The absence of ideological unity – which is a clear signal of the absence of influential intellectuals – is a major weakness of the European labour movement in its struggle to build up a defensive strategy.



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